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Have you done your taxes yet?

A question often heard this time of year is: Have you done your taxes yet? For most taxpayers, it means getting your taxes filed with federal and state agencies before April 15th – April 17th this year. The Tax Foundation has a different take on calculating when you've paid your taxes for the year. The non-partisan tax education organization provides an annual report indicating the date when taxpayers could expect to be "tax free" if their entire income was dedicated to paying taxes.

Last year, Californians reached "Tax Freedom" a little later than most of the nation — on April 20. This year, Californians are not expected to pay off their tax bills until that date again. So, to

News of the Week

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Bill to Toughen Penalties for Necrophilia

Dan Walters: Governor Promoting Vocational Education and May Be Succeeding

<u>Dan Weintrab: Charter Schools Key to</u> California's Education Reform Plans

<u>Press Release: Runner's Bill to Speed Up</u> <u>Road Construction Passes Committee</u>

answer the question – you may have "done" your taxes, but you aren't "done" paying for them yet.

Benjamin Franklin once said, "In this world nothing can be said to be certain, except death and taxes." This certainly rings true now more than ever. Unfortunately, throughout the year citizens pay taxes and think little of it, writing it off as the cost of life in the greatest country on earth.

Nevertheless, over the last couple of years, there has been a disturbing trend as some state legislators have pushed for imposing new fees or increasing existing ones on Californians. Fees are the underhanded and easy way to increase money coming out of Californians' pockets since they are not called "taxes" and can be passed without the approval of two-thirds of all legislators, unlike taxes.

The rationale behind some fee increases is that some legislators need to boost state coffers to pay for their pet projects. Rather than introducing a new tax that requires a two-thirds vote of the Legislature, they repackage the tax and call it a fee, requiring only a simple majority to pass.

However, these fee increases, like tax increases, have a negative impact on our economy and limit an individual's ability to save or spend his or her hard earned money.

Think about it this way: from the moment you wake up to the moment you go to bed you are taxed. Your alarm goes off in the morning – there is a utility tax. You get ready for the day and take a shower – a fee is assessed on your water bill. You check the local TV news before you head

to work – there is a cable surcharge. You drive to work – there is a gas tax, vehicle license fee (otherwise known as the Car Tax), and a driver's license fee. Your tires have additional fees, and it goes on and on. Even in death there is a tax because loved ones must pay estate taxes, as well as for your death certificate.

And what do we get for these additional fees? Well, studies have found that most Californians believe that government wastes money and that government in general is going in the wrong direction.

So, what is the solution to paying more and more taxes for seemingly more and more government? Cutting government spending is often the solution offered by many decision makers and voters, and it was one of the key ingredients to the election of Governor Schwarzenegger and ousting Gray Davis.

I firmly believe that the only way to responsibly keep taxes in check is to reduce the size, the cost, and the scope of government at all levels. Exposing unfair taxes alone will not end the government's voracious appetite for more of your money. Just when you think it would be impossible for the government to tax us any more, bureaucrats become more creative. Many of them feel that the failure to levy taxes on things such as Internet sales would be a missed opportunity to take more money out of your pocket.

How did we get here? How did we get to the place where the average American pays an outrageous one-third of his income in taxes?

A significant part of the problem is many of us are woefully unaware of how much it really costs to run our government. Because income taxes are subtracted from our paychecks before we ever see them, we usually don't pay much attention to how much the government is taking from us over time. Withholding income taxes was first started on the federal level in 1942 as a <u>temporary</u> measure to help pay for World War II. Yet, that temporary measure continues today.

Because so many Californians do not understand how much our government costs – and we really have no idea how much we pay in taxes every month – when we finally do our taxes and are fortunate to get a tax "refund" in April, most of us figure that the benevolent state has given us a bonus!

Rather the opposite! When the state takes money from its citizens every month, only to return it more than a year later, the state has in effect taken an interest-free loan. These unfair, unwitting, interest-free loans to the state are often paid by those least able to afford it.

Typically, the poor, the underprivileged, large families, and struggling students are those forced to pay more income taxes than they should. These are the people who most desperately need every cent of their hard-earned money. The state has no business borrowing money from this segment of society!

According to the Franchise Tax Board, the average tax filer gets a \$500 refund from the state every year. Assuming a miserly 6% interest rate, Californians unsuspectingly donate over \$61 million in interest to the state treasury each year.

If people were regularly made aware of the cost of government, they would be incensed! Unfortunately, we only get angry on tax day.

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